

STATE OF MICHIGAN  
DEPARTMENT OF ENERGY, LABOR & ECONOMIC GROWTH  
OFFICE OF FINANCIAL AND INSURANCE REGULATION

Before the Commissioner of the Office of Financial and Insurance Regulation

In the matter of:

Classic Mortgage Solutions, LLC  
22720 Woodward Ave,  
Suite 210  
Ferndale, Michigan 48220,

Enforcement Case No. 07-5359

License/Registration No.:

FL-2960/SR-1113,

Respondent.

CONSENT ORDER REVOKING FIRST MORTGAGE LICENSE  
AND REVOKING SECONDARY MORTGAGE REGISTRATION

Issued and Entered,  
This 14th day of September, 2009,  
By Stephen R. Hilker,  
Chief Deputy Commissioner

Based upon the Stipulation to Entry of Consent Order, incorporated herein, and the files and records of the Office of Financial and Insurance Regulation ("OFIR") in this matter, the Commissioner FINDS and CONCLUDES that:

1. The Commissioner has jurisdiction and authority to adopt and issue this Consent Order in this proceeding, pursuant to the Michigan Administrative Procedures Act of 1969 ("MAPA"), as amended, MCL 24.201 *et seq.*; the Mortgage Brokers, Lenders, and Servicers Licensing Act ("MBLSLA"), 1987 PA 173, as amended, MCL 445.1651 *et seq.*; and the Secondary Mortgage Loan Act ("SMLA"), 1981 PA 125, as amended, MCL 493.51 *et seq.*

2. All required notices have been issued in this case, and the notices and service thereof were appropriate and lawful in all respects.

3. Acceptance of the parties' Stipulation to Entry of Consent Order is reasonable and in

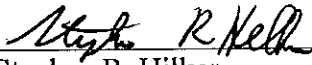
the public interest.

4. All applicable provisions of MAPA have been met.
5. Classic Mortgage Solutions, LLC ("Respondent") violated MCL 445.1672(a)-(b), MCL 445.1652(4), MCL 445.1671, MCL 445.1673, MCL 493.67, and MCL 493.68.

NOW THEREFORE, based upon the parties' Stipulation to Entry of Consent Order and the facts surrounding this case, IT IS ORDERED THAT:

1. The Stipulation to Entry of Consent Order submitted by the parties to the Chief Deputy Commissioner is hereby ACCEPTED.
2. Respondent shall CEASE and DESIST from violating MCL 445.1672(a)-(b), MCL 445.1652(4), MCL 445.1671, MCL 445.1673, MCL 493.67, and MCL 493.68.
3. Forthwith, Respondent shall CEASE and DESIST from engaging in any activity requiring licensure or registration under the MBLSLA or SMLA, and deliver to the commissioner its original first mortgage license certificate and original secondary mortgage registration certificate.
4. Respondent's first mortgage broker license, issued pursuant to provisions of the MBLSLA, shall be and hereby is REVOKED.
5. Respondent's secondary mortgage broker registration, issued pursuant to provisions of the SMLA, shall be and hereby is REVOKED.
6. The Commissioner specifically retains jurisdiction over the matters contained herein and has the authority to issue such further order(s) as he shall deem just, necessary and appropriate in accordance with the provisions of the MBLSLA and SMLA. Failure to abide by the terms and conditions of the Stipulation to Entry of Consent Order and this Order, may result in the commencement of additional proceedings.

IT IS SO ORDERED.

  
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Stephen R. Hilker,  
Chief Deputy Commissioner

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STIPULATION TO ENTRY OF CONSENT ORDER  
REVOKING FIRST MORTGAGE LICENSE AND  
REVOKING SECONDARY MORTGAGE REGISTRATION

Classic Mortgage Solutions, LLC ("Respondent") and the Office of Financial and Insurance Regulation ("OFIR") hereby stipulate and agree to the following:

1. OFIR staff ("Staff") conducted an on-site Examination of Respondent's books and records commencing on December 6, 2006, pursuant to Section 11(2)(c) of the Mortgage Brokers, Lenders, and Servicers Licensing Act ("MBLSLA"), MCL 445.1661(2)(c), and Section 6b(2)(b) of the Secondary Mortgage Loan Act ("SMLA"), MCL 493.56b(2)(2). The Examination concluded on January 9, 2007.

2. On or about December 18, 2007, a Notice of Opportunity to Show Compliance ("NOSC") was issued by OFIR to Respondent in the above entitled matter pursuant to the provisions of the Michigan Administrative Procedures Act ("MAPA"), MCL 24.201 *et seq.*, the MBLSLA, 1987 PA 173, as amended, MCL 445.1651 *et seq.*, and the SMLA, 1981 PA 125, as amended, MCL 493.51 *et seq.*

3. The NOSC contained allegations that Respondent violated the MBLSLA and SMLA and set forth the applicable laws and penalties which could be taken against Respondent.

4. On January 31, 2008, in accordance with appropriate provisions of the MBLSLA and SMLA, OFIR issued to Respondent a Notice of Intention to Revoke License and Registration (“NOIR”). The NOIR informed Respondent of its right to a hearing if requested within 20 days.

5. In early March, 2008, Respondent contacted OFIR and requested an opportunity to submit information and to have an informal opportunity to show compliance. Respondent’s request was granted and an informal opportunity to compliance was extended to Respondent on July 28, 2008. Staff determined that Respondent had not made a sufficient showing of compliance related to significant and material allegations contained in the NOSC/NOIR.

6. The OFIR and Respondent have conferred for purposes of resolving this matter and determined to settle this matter pursuant to the terms set forth below.

7. The Commissioner of OFIR (“Commissioner”) has jurisdiction and authority to adopt and issue this Consent Order, pursuant to the MAPA, MCL 24.201 *et seq.*, the MBLSLA, and the SMLA.

8. At all pertinent times, Respondent was licensed with OFIR as a mortgage broker pursuant to the MBLSLA, and registered with OFIR as a secondary mortgage broker pursuant to the SMLA.

9. Based upon the allegations set forth in the NOSC, NOIR, and communications with Respondent, the following facts were established:

a. Respondent’s employees, agents, and independent contractors engaged in fraud, deceit, and material misrepresentation in connection with residential mortgage loan transactions governed by the MBLSLA.

Respondent is responsible for the fraudulent, deceitful and misrepresentative conduct of its employees. The activity engaged in by Respondent’s employees violated Section 22(b) of the MBLSLA. Therefore, Respondent is in violation of Section 22(b) of the MBLSLA, MCL 445.1672(b).

b. Respondent paid independent contractors, independent net branches, or unlicensed entities for regulated mortgage transactions, in violation of MCL 445.1652(4).

c. Respondent operated independent net branch locations, in violation of MCL 445.1652(4).

d. Respondent failed to maintain adequate books and records of its business to

enable the commissioner to determine compliance with the MBLSLA, in violation of MCL 445.1671(1).

e. Respondent failed to keep and preserve each document related to its business operations for the commissioner to inspect to determine compliance with the MBLSLA, in violation of MCL 445.1671(2).

f. Respondent charged more than the actual expense incurred for at least one credit report obtained in relation to an application for a residential mortgage loan, in violation of MCL 445.1673(1).

g. In violation of MCL 445.1672(a), Respondent:

- i. Charged one borrower an unearned underwriting fee and paid unearned fees to a related third party, in violation of Section 3500.14(c) of the Department of Housing and Urban Development's ("HUD") Regulation X, implementing the Real Estate Settlement Procedures Act ("RESPA"), 24 C.F.R. 3500.14(c).
- ii. Failed to provide applicants with a properly completed or accurate good faith estimate prepared in accordance with HUD's Regulation X, implementing RESPA, 24 C.F.R. 3500.7.
- iii. Failed to provide at least two applicants with a proper servicing disclosure statement, in violation of HUD's Regulation X, implementing RESPA, 24 C.F.R. 3500.21.
- iv. Failed to provide at least six borrowers with proper notice of their right to receive a copy of their appraisal report, in violation of Board of Governors of the Federal Reserve's Regulation B, implementing the Equal Credit Opportunity Act, 12 C.F.R. 202.14(a).
- v. Failed to make available to applicants a credit granting criteria pamphlet as required under Section 2(10) of the Mortgage Lending Practices Act ("MLPA"), MCL 445.1602(10).
- vi. Failed to conspicuously post written notice of a loan inquirers rights as required under Section 5(1) of the MLPA, MCL 445.1605(1).

10. Respondent agrees to CEASE and DESIST from any and all of the violations set forth

in paragraph 9.

11. Respondent agrees to CEASE and DESIST from engaging in any activity requiring licensure or registration under the MBLSLA or SMLA, and deliver to the commissioner its original first mortgage license certificate and original secondary mortgage registration certificate.

12. Respondent agrees that its first mortgage license and secondary mortgage registration shall be REVOKED by the commissioner.

13. The procedural requirements of the MAPA, the MBLSLA, and the SMLA have been complied with in all respects by both parties.

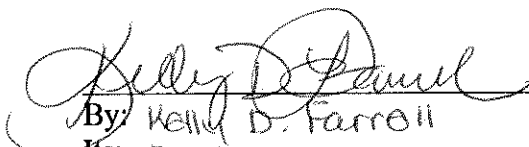
14. Respondent understands and agrees that this Stipulation will be presented to the Chief Deputy Commissioner for approval. The Chief Deputy Commissioner may in his sole discretion, decide to accept or reject the Stipulation and Consent Order. If the Chief Deputy Commissioner accepts the Stipulation and Consent Order, Respondent waives the right to a hearing in this matter and consents to the entry of the Consent Order. If the Chief Deputy Commissioner does not accept the Stipulation and Consent Order, Respondent waives any objection to the Commissioner holding a formal administrative hearing and making his decision after such hearing.

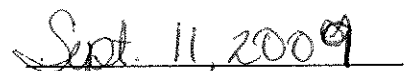
15. The failure to abide by and fully comply with the terms and conditions of this Stipulation and Consent Order may, at the discretion of the Commissioner, result in further administrative compliance actions.

16. The Commissioner has jurisdiction and authority under the provisions of the MAPA, the MBLSLA, and the SMLA to accept this Stipulation to the Entry of Consent Order and to issue a Consent Order resolving these proceedings.

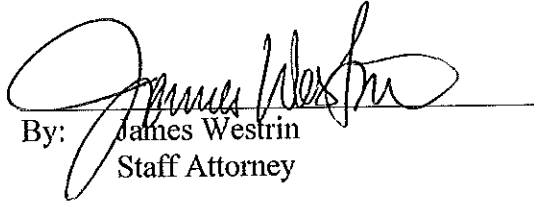
17. Respondent has had an opportunity to review this Stipulation and the accompanying Consent Order and have same reviewed by legal counsel.

CLASSIC MORTGAGE SOLUTIONS, <sup>HLC</sup>INC.

  
By: Kelly D. Farrell  
Its: Broker/owner

  
Dated

OFFICE OF FINANCIAL AND  
INSURANCE REGULATION

  
By: James Westrin  
Staff Attorney

September 14, 2009  
Dated